

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6844

BILL NUMBER: HB 1112

NOTE PREPARED: May 11, 2011

BILL AMENDED: Apr 12, 2011

SUBJECT: Land Application of Industrial Waste Products.

FIRST AUTHOR: Rep. Pond

FIRST SPONSOR: Sen. Gard

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Commissioner of the Department of Environmental Management (IDEM) to approve or deny an application for a permit (1) concerning the land application of a material; or (2) for marketing and distribution of a biosolid or an industrial waste product; within 180 days after receiving the application.

The bill provides that IDEM and the environmental rulemaking boards may allow a person to use industrial waste products in a land application operation or as ingredients in a soil amendment or soil substitute to be land applied under certain circumstances. The bill provides that IDEM may allow the use of industrial waste products in a land application operation or as ingredients in a soil amendment or soil substitute to be land applied on the same basis as other materials under the rules concerning land application and marketing and distribution permits.

The bill imposes a fee that may not exceed the costs incurred by IDEM to issue the permit.

The bill prohibits IDEM from (1) discriminating against the use of industrial waste products on the basis that the industrial waste products lack biological carbon; (2) imposing requirements beyond criteria found in the applicable Water Pollution Control Board rules, unless necessary for protection of human health and the environment; (3) requiring that the finished soil amendment, soil substitute, or material to be land applied must be of a particular economic value; or (4) for certain pollutants subject to an established pollutant limit or concentration, requiring that an industrial waste product or the finished soil amendment, soil substitute, or material to be land applied satisfies IDEM's risk integrated system of closures nonrule policy document or any other standards other than criteria found in rules adopted by the Water Pollution Control Board concerning land application of biosolids, industrial waste products, and pollutant-bearing water.

The bill requires IDEM, in the case of a pollutant present in industrial waste products that does not have an established pollutant limit or concentration, to weigh the benefits of a finished soil amendment, soil substitute, or material to be land applied against the risks to human health and the environment.

The bill allows IDEM to require that a permit application for industrial waste products includes characterization of individual waste stream at the point of generation before mixing with other waste streams

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Summary.* The bill provides for fees to offset the costs of administration. Persons who obtain the permits would be required to pay for administration costs.

Actual costs will depend on the number and nature of permits granted. The state could experience an increase in expenditures for the first year that could range from \$512,314 to \$832,314. Costs for the second year could range from \$520,000 to \$844,800. Costs for each year would increase if entry-level staffing is not used. Increased expenses for the second year are based on a 1.5% annual cost-of-living increase. The bill provides for fees to offset the costs of administration.

Background. A separate regulatory program for industrial waste composting and subsequent land application would require additional staff because it would involve oversight of more waste than the current program of biosolids. In addition to adding types of waste, the program would also require the following additional responsibilities:

Verification of the sampling methodology and laboratory results on a case-by-case basis due to variability, chemical composition, and potential toxicity of the waste.

Determination of safe application rates.

Determination of bioaccumulation rates of the applied materials on human, plant, and animal life.

Inspection and tracking of application sites.

Additional staffing requirements, including fringe benefits and indirect costs, are listed below. Salaries of staff assume entry level.

Position	Category	Entry Level Salary + Benefits and Indirect Costs
Permit Writer	SEM 1	\$69,086
Permit Writer	EE 1	73,414
Q/A Office	EnvChem2	64,437
Soils Chemist	EnvChem2	64,437
Compliance Inspector	EM 2	62,791
Tracking	AA 3	41,152
Mgt/Adm	SEMS 3	56,997
TOTAL		\$432,314

If IDEM were to conduct verification sampling of waste materials proposed for land application from industrial sources, laboratory costs could range from \$16,000 to \$80,000 per proposal. Assuming the agency received five proposals per year, laboratory costs would range from \$80,000 to \$400,000 per year.

The current Land Application Program, including the marketing distribution program, regulates approximately 250 facilities that dispose of approximately 100,000 dry tons of waste annually. One industrial waste facility has indicated an annual production rate approaching 100,000 tons. The provision would allow certain producers of nonhazardous industrial waste to do similar types of composting, potentially resulting in additional volume which could require additional regulatory oversight. Facilities that might currently be taking their waste to a landfill and paying a tipping fee up to \$2.50 per ton to dispose of the waste could be encouraged to promote the use of their industrial waste products in a land application or to produce a soil amendment or soil substitute. Instead of paying to dispose of waste, the producers could potentially sell the waste.

Explanation of State Revenues: The bill imposes a fee to offset the costs incurred by IDEM. The amount of the fee and the amount of revenue that will be generated by the fee will depend on the number of industries that apply.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures* regarding potential impact on tipping fees.

State Agencies Affected: IDEM.

Local Agencies Affected: Solid Waste Management Districts.

Information Sources: IDEM.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.